

**BEFORE THE  
DELAWARE PUBLIC SERVICE COMMISSION**

Joint Application of

**MLN TopCo Ltd.,**

**Mitel Networks Corporation, and**

**Mitel Cloud Services, Inc. f/k/a Mitel  
NetSolutions, Inc.**

Docket No. \_\_\_\_\_

for Approval of the (1) Transfer of Control of  
Mitel Cloud Services, Inc. to MLN TopCo Ltd.  
and (2) for Mitel Cloud Services, Inc. to  
Participate in Certain Financing Arrangements

**JOINT APPLICATION**

1. Pursuant to 26 Del. C. § 215 and the rules of the Public Service Commission of the State of Delaware (the “Commission”), MLN TopCo Ltd. (“TopCo” or “Transferee”); Mitel Networks Corporation (“Mitel” or “Transferor”); and Mitel Cloud Services, Inc. (“MCSI” or “Licensee”) (collectively, “Applicants”), request approval, to the extent required, (1) to complete the proposed transfer of control of MCSI to Transferee (the “Transaction”),<sup>1</sup> and (2) for MCSI to participate in certain financing arrangement in connection with the Transaction.

2. For similar transactions, the Commission has allowed applications to be approved by operation of law by declining to take action thereon within 30 days after filing. *See* 26 Del. C. § 215(d) (“In the absence of any such action within such period of time, any such proposed merger, mortgage, transfer, issue or assumption shall be deemed approved.”). The Applicants suggest that this approach is warranted here, and therefore request that the Commission take no

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<sup>1</sup> Applicants also note that on April 17, 2018, MCSI and Mitel filed an Application requesting approval for the transfer of control of MCSI from Mitel (Delaware), Inc. to Mitel Networks, Inc. (f/k/a ShoreTel, Inc.), resulting from an internal restructuring.

action on this Application, which will result in statutory approval of the Transaction, within 30 days after the filing, pursuant to 26 Del. C. §215(d).

In support of this Application, Applicants provide the following information:

**I. DESCRIPTION OF THE APPLICANTS**

**A. Mitel Networks Corporation (Transferor)**

3. Mitel, a widely-held Canadian corporation (NASDAQ: MITL), is a leading global provider of cloud and on-site communications and collaboration solutions for business customers, serving more than 70 million end users around the world. Since 2011, Mitel has fundamentally reoriented its business from an on-site or premise-based unified communications and telephony business to become a diverse global market leader with established positions in next-generation cloud and enterprise markets. These solutions enable customers to realize significant cost benefits and to conduct business more efficiently and effectively by enabling enhanced communications, information sharing and collaboration within a business and with customers, partners and suppliers. Mitel is headquartered in Ottawa, Canada, with offices, partners and resellers worldwide.

**B. Mitel Cloud Services, Inc. (Licensee)**

4. MCSI, a Texas corporation and wholly owned indirect subsidiary of Mitel, resells local communications services; domestic and international long-distance services; calling card services; 800 services; dedicated data services; Internet, DSL, MPLS services and Web voice and videoconferencing; disaster recovery solutions; and network monitoring and management. MCSI resells telecommunications services through its agreements with major U.S. long-distance carriers. In addition, MCSI is licensed as a competitive local exchange and interexchange carrier throughout the United States, and registered as an interconnected VoIP provider and wireless/CMRS reseller in numerous states. In Delaware, MCSI was approved by the Commission to

provide interexchange services in Docket No. 02-269 and competitive local exchange services in Docket No. 08-386. MCSI is also authorized by the FCC to provide domestic and international telecommunications services.

5. Additional information concerning Licensee's legal, technical, managerial and financial qualifications has been submitted to the Commission with its filings for certification and is therefore already a matter of public record. Licensee requests that the Commission take official notice of these existing descriptions of Licensee's qualifications and incorporate them by reference herein.

**C. MLN TopCo Ltd. (Transferee)**

6. TopCo is a Cayman Islands exempted company formed for the purposes of implementing the Transaction. TopCo is a wholly owned subsidiary of Searchlight II MLN, L.P., a Cayman Islands exempted limited partnership and master aggregator of an investor group led by funds affiliated with Searchlight Capital Partners, L.P. ("Searchlight"). Searchlight is a leading private equity investment group and has worked successfully in partnership with leading businesses throughout North America and Europe. Searchlight derives value through thoughtful strategic direction, operational expertise and deep industry knowledge. Searchlight's funds invest in companies across various sectors, including communications, media, consumer, and business services.

**II. DESIGNATED CONTACTS**

7. Questions, correspondence or other communications concerning this Application should be directed to:

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### **III. DESCRIPTION OF THE TRANSACTION**

8. Pursuant to the Arrangement Agreement (the “Agreement”), dated as of April 23, 2018, by and between Mitel, MLN AcquisitionCo ULC (“MLN”),<sup>2</sup> and TopCo, MLN will acquire all of the issued and outstanding common shares in the capital of Mitel in an all-cash

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<sup>2</sup> MLN AcquisitionCo ULC is an unlimited liability company organized under the laws of British Columbia, Canada, formed for purposes of effectuating the Transaction. As described herein, MLN will be amalgamated into New Mitel and will have no separate existence following the completion of the Transaction.

transaction valued at approximately \$2.0 billion, including Mitel's net debt. Subsequently, Mitel and MLN will amalgamate under Canadian law to form a new combined entity, Mitel Networks ULC ("New Mitel"), a British Columbia unlimited liability company. The shares in Mitel's U.S. subsidiaries will be transferred from New Mitel to MLN US HoldCo LLC, a Delaware limited liability company, through a series of steps. As a result, at the closing of the Transaction, Licensee will become a wholly owned indirect subsidiary of TopCo through a number of intermediate holding companies.

9. After the Transaction closes, Robert Agnes, the current Director, Chairman and President of MCSI, will continue to serve in his existing role. The Transaction will occur entirely at the holding company level and will have no adverse impact on Licensee's customers. As such, the Transaction will not result in service disruption, termination, or customer confusion. Diagrams depicting the pre- and post-Transaction corporate ownership structure of Licensee are appended hereto at Exhibit A.

#### **IV. DESCRIPTION OF THE FINANCING ARRANGEMENTS**

10. Applicants also request approval, to the extent necessary, for MCSI to participate in the financing arrangements (the "Financing Arrangements") in connection with the Transaction. In order to maintain adequate flexibility to respond to market conditions and requirements and to fund some or all of the purchase price for the Transaction, authority is sought for MCSI to participate in the Financing Arrangements consistent with the terms outlined below.

**Aggregate Amount:** Up to \$1.480 billion (the "Aggregate Amount").

**Borrower:** Applicants currently expect that MLN US HoldCo LLC will be the borrower. In order to maintain flexibility, authorization is sought for Licensee to be a borrower, co-borrower, or guarantor under the Financing Arrangements.

**Debt Instruments:** The Financing Arrangements may include one or more of the following debt instruments: notes or debentures (including notes convertible into equity and private notes that may be exchanged for public notes); conventional credit facilities, such

as revolving credit facilities and term loans; letters of credit; and bridge loans; or a combination thereof.

**Maturity:** Up to eight (8) years after issuance or amendment depending on the type of facility.

**Interest:** Interest rates will be the market rate for similar financings and will not be determined until the Financing Arrangements are finalized. Depending on the type of debt securities, facility(ies) or other arrangements, indebtedness will accrue interest at a rate(s) that may be fixed (typically set at signing or closing based on then current market conditions) or floating (consisting of a base rate, which will float with a rate index such as LIBOR or Federal Funds Rate, plus an applicable margin), or a combination of fixed rates and floating rates. To maintain flexibility, authorization is sought for Financing Arrangements at an interest rate(s) at the then current market conditions.

**Security:** Some or all of the Financing Arrangements may be secured facilities, which may include a grant of a security interest in the assets TopCo and certain of its current and future subsidiaries. A portion of the Financing Arrangements may be unsecured facilities. For the secured facilities, the equity of TopCo and certain of its current and future subsidiaries may be pledged as additional security. Additionally, TopCo and certain of its current and future subsidiaries, including MCSI, may provide a guaranty as security for the full Aggregate Amount of the Financing Arrangements.

**Purpose:** The Financing Arrangements will be used for the purchase price of the Transaction and associated fees and costs and may be used for future refinancing(s) of existing debt, working capital requirements and other general corporate purposes of the company.

11. Commission authorization is sought for Licensee to participate in Financing Arrangements up to the Aggregate Amount and thereby to incur debt, as a borrower, co-borrower or guarantor, and pledge its assets as security for Financing Arrangements in the Aggregate Amount with terms materially consistent with those outlined above.

## **V. PUBLIC INTEREST CONSIDERATIONS**

12. Applicants submit that the Transaction is in the public interest. Licensee will continue to be managed and operated by the same officers and personnel, but will be supplemented by management of Transferee. The Transaction will provide MCSI with access to Transferee and the Searchlight-managed investor group's financial and operational expertise, permitting MCSI to continue to provide robust unified communications solutions to its customers and to better compete in the telecommunications marketplace. Transferee and its affiliates will seek to build

on MCSI's existing assets, support investment in new infrastructure and continue to offer innovative and high-quality services to existing customers.

13. The proposed Transaction will have no adverse impact on customers and will not alter the manner of service delivery or billing. Transferee further intends that MCSI's existing management team will remain in place and that MCSI's managerial, technical and operational standards will be maintained. MCSI will continue to comply with existing contracts and tariffs, as applicable, subject to change in the ordinary course of business and in accordance with applicable law.

14. Approval of the Financing Arrangements will serve the public interest in promoting competition among telecommunications carriers by providing Licensee with access to greater financial resources that will allow Licensee to become a more effective competitor to larger telecommunications providers. Among other things, the Financing Arrangements may be used to fund some or all of the purchase price for the Transaction and to support strategic growth initiatives, to provide for ongoing working capital and for other corporate purposes. The Financing Arrangements are necessary and appropriate, are consistent with the performance by Licensee of its services to the public, will not impair its ability to perform such services and will promote its corporate purposes. The Financing Arrangements will have no adverse impact on the customers of Licensee and will not disrupt service or cause customer confusion or inconvenience.

**VI. CONCLUSION**

15. For the foregoing reasons, Applicants submit that the public interest, convenience and necessity would be furthered by the Commission noting the Transaction or, if the Commission determines approval is required, approving the Transaction.

Respectfully submitted,



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